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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/611,548	07/07/2000	DOUGLAS G. LOWENSTEIN	114595-2-Polest	6763
68536 7590 10/03/2008 THE LAW OFFICE OF DONNA L. ANGOTTI 140 BROADWAY SUITE 4600 NEW YORK, NY 10005				
EXAMINER SUBRAMANIAN, NARAYANSWAMY				
ART UNIT		PAPER NUMBER		
3691				
MAIL DATE		DELIVERY MODE		
10/03/2008		PAPER		

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

# Office Action Summary

**Application No.**

09/611,548

**Applicant(s)**

LOWENSTEIN ET AL.

**Examiner**

Narayanswamy Subramanian

**Art Unit**

3691

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 10 June 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-181 is/are pending in the application.
- 4a) Of the above claim(s) 28-30, 53-55 and 60-73 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-27, 31-52, 56-59 and 74-181 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/C)
- Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)
- Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

**DETAILED ACTION**

1. This office action is in response to applicant's communication of June 10, 2008. Applicant's election of claims 1-27, 31-52, 56-59 and 74-181 with traverse is acknowledged by the Examiner. Claims 1-181 are pending of which claims 28-30, 53-55 and 60-73 are withdrawn from consideration as being drawn to a non-elected invention. For the response to be complete, Applicants are respectfully requested to cancel the non-elected claims 28-30, 53-55 and 60-73 in their reply to this office action. Claims 1-27, 31-52, 56-59 and 74-181 have been examined. The rejections and response to arguments are stated below.

***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

3. Claims 1-27, 31-52, 56-59 and 74-181 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Independent claims 1, 2, 31, 74, 102, 130, 133, 140, 154, 161, and 179 recite the limitation "wherein at least some portion of the improvements lease is performed with assistance of a computer". Independent claims 56, 93, 119, 158, and 172 recite the limitation "wherein at least some portion of the lease is performed with assistance of a computer". Also independent claim 148 recites the limitation "wherein at least some portion of leasing the shorter-lived asset is performed with assistance of a computer". Similarly independent claim 180 recites the limitation "wherein at least some portion of soliciting, originating, managing, or analyzing the improvements lease is performed with assistance of a computer". Claim 181 recites the limitation

“hardware and/or software designed to assist a tenant in entering an improvements lease”.

Firstly, it is not clear as to what portion of the lease is performed with assistance of a computer. Secondly it is not clear as to what specific aspect of the lease is performed with assistance of a computer. Finally it is not clear as to what the Applicants mean by the limitation “performed with assistance of a computer”. It is not clear what the term “assistance of a computer” entails. The metes and bounds of this limitation are unclear. In view of these reasons the scope of the claim is unclear. Similar reasoning applies for claims 148, and 180. Similarly in claim 181 it is not clear what kind of assistance is provided to the tenant by the hardware and/or software. Also it is not clear what the term “assist a tenant” entails. The metes and bounds of this limitation are unclear. Appropriate correction is required. The dependent claims are rejected for the same reasons and also by way of dependency on a rejected independent claim.

The rejections that follow are interpreted in view of 35 USC 112, second paragraph rejections below.

***Claim Rejections - 35 USC § 101***

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 1-27, 31-52, 56-59 and 74-181 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC 101 requires that in order to be patentable the invention must be a **“new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”** (emphasis added).

6. Claim 181 of the disclosed invention is inoperative and therefore lacks utility. Claim 181 recites “a computer system, comprising: hardware and/or software designed to assist a tenant in entering an improvements lease, the improvements lease to grant the tenant possession and use of improvements to a space leased to the tenant under a space lease distinct from the improvements lease; wherein data of the computer system provide that the space lease and improvements lease are to be consolidated together as a single lease for financial accounting; wherein data of the computer system provide that, for financial accounting, the consolidated lease is to be treated as an operating lease”. The computer system is broadly interpreted to be software designed to assist a tenant in entering an improvements lease. Hence claim 181 merely recites elements of a system (software program elements and not tangible hardware components) without showing any ability to realize functionality of the recited elements (i.e. functional descriptive material per se) and therefore is rendered inoperative lacking any utility. Note that a computer (or software program) code cannot by itself perform the underlying function until it is loaded on some computer readable memory and accessed by the computer (or a processor). Functional descriptive material, per se, is not statutory. This is exemplified in *In re Warmerdam* 31 USPQ2d 1754 where the rejection of a claim to a disembodied data structure was affirmed. Thus a claim to a data structure, per se, or other functional descriptive material, including computer programs, per se, is not patent eligible subject matter.
7. Claim 1 is drawn to “a method, comprising the steps of: leasing a space from a landlord to a tenant under a space lease; leasing tenant improvements to the space from a special purpose entity; development of the tenant improvements being financed by the special purpose entity; receiving a rent payment from the tenant to the special purpose entity under the improvements

lease; the improvements lease being structured together with the space lease; wherein at least some portion of the improvements lease is performed with assistance of a computer”.

Similarly claim 2 is drawn to “a method, comprising the steps of leasing a space from a landlord to a tenant under a space lease; leasing improvements to the space to the tenant under an improvements lease distinct from the space lease; wherein at least some portion of the improvements lease is performed with assistance of a computer”.

**8.** As such both the claimed inventions are directed to a judicial exception to 35 U.S.C. 101 (i.e., an abstract idea, natural phenomenon, or law of nature) and are not directed to a practical application of such judicial exception because the claims do not require any physical transformation and the invention as claimed does not produce a useful, concrete, and tangible result.

The Court of Appeals for the Federal Circuit issued opinions in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998) and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 50 USPQ2d 1447 (Fed. Cir. 1999). These decisions explained that, to be eligible for patent protection, the claimed invention as a whole must accomplish a practical application. That is, it must produce a “useful, concrete and tangible result.” *State Street*, 149 F.3d at 1373-74, 47 USPQ2d at 1601 02. To satisfy section 101 requirements, the claim must be for a practical application of the § 101 judicial exception, which can be identified in various ways: (a) The claimed invention “transforms” an article or physical object to a different state or thing. (b) The claimed invention otherwise produces a useful, concrete and tangible result, based on the factors discussed below.

The USPTO's official interpretation of the utility requirement provides that the utility of an invention has to be (i) specific, (ii) substantial and (iii) credible. See MPEP § 2107.

The tangible requirement does require that the claim must recite more than a § 101 judicial exception, in that the process claim must set forth a practical application of that § 101 judicial exception to produce a real-world result. Benson, 409 U.S. at 71-72, 175 USPQ at 676-77 (invention ineligible because had “no substantial practical application”).

For an invention to produce a “concrete” result, the process must have a result that can be substantially repeatable or the process must substantially produce the same result again. In re Swartz, 232 F.3d 862, 864, 56 USPQ2d 1703, 1704 (Fed. Cir. 2000) (where asserted result produced by the claimed invention is “irreproducible” claim should be rejected under section 101). The opposite of “concrete” is unrepeatable or unpredictable. The steps of the claimed invention are not clear and specific enough to guarantee that the same results will be produced for a given set of inputs. The limitation “wherein at least some portion of the improvements lease is performed with assistance of a computer” is not clear and specific enough to guarantee that the same results will be produced for a given set of inputs. This step is interpreted to include a manually performed step also and hence there is no guarantee that the performance of this step will yield the same results. It is not clear as to what is the concrete result of the claimed invention. In view of the ambiguities identified in the 35 USC 112, second paragraph rejections above, it is not clear if the results of the claimed invention are repeatable or predictable.

There is no useful, tangible and concrete result produced from implementing the steps of the claimed invention. Similar reasoning applies to independent claims 31, 56, 74, 93, 102, 119,

130, 133, 140, 148, 154, 158, 161, 172, 179, 180, 181. The dependent claims are rejected for the same reason and by way of dependency on a rejected independent claim.

9. Claims 1, 2, 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179-181 are also rejected under 35 USC 101 because they are drawn to an abstract idea.

One possible identifying characteristic of an abstract idea is the lack of transformation of any physical subject matter according to the definition of a "process" under § 101 described in *Ex parte Lundgren* 76 USPQ2d (Bd. Pat. App. & Int. 2005) (precedential) and discussed below.

A generally recited process" claim is not limited to the means disclosed for performing it. *Id.* at 1400-01. Methods tied to a machine generally qualify as a "process" under § 101 because machines inherently act on and transform physical subject matter, *Id.* at 1400, and new uses for known machines are a "process" under 35 U.S.C. § 100(b). The principal exception is the "special case" of general purpose machine-implemented processes that merely perform an "abstract idea" (the best known example of which is a mathematical algorithm); see *Id.* at 1407-08 (cases where machine-implemented process claims for performing mathematical algorithms were held nonstatutory). Statutory processes are evidenced by physical transformation steps, such as chemical, electrical, and mechanical steps. *Id.* at 1401. A statutory "process" involving a transformation of physical subject matter can be performed by a human. *Id.* at 1400-01. Not every step requiring a physical action results in a patentable physical transformation, e.g., "negotiating a contract", "convening a meeting, etc." *Id.*

Another possible identifying characteristic an abstract idea is if the claim is so broad that it covers (preempts) any and every possible way that the steps can be performed, because there is no "practical application" if no specific way is claimed to perform the steps. (See p.21 of Ex-



*Parte Bilski et al. Appeal No. 2002-2257*. Pre-emption means a claim covers "any and every" possible way that the process is performed. It is also not definite because it fails to particularly point out how a certain process is carried out. When a method can be performed by a human and also by a computer or a specific result can be obtained in many possible ways the claim pre-empts all possible ways of determining the result. In the instant case, the method can be performed by a human and also by a computer. Also the ambiguities identified in the 35 USC 112, second paragraph rejections above indicates that the specific results of implementing the claimed methods can be obtained in many possible ways. Hence the claimed inventions pre-empt all possible ways of determining the result. The dependent claims are rejected for the same reason and by way of dependency on a rejected independent claim.

#### ***Response to Arguments***

**10.** In response Applicant's assertion "No further search is required. At least claims 1-118 have been searched by three previous examiners (Examiners Soh, Kanoff, and Chencinski), and have been found to be allowable over all art located by those three examiners. (See Action of November 1, 2006, indicting that all claims are allowed over the art). Examiner Subramanian is required to give "full faith and credit" to this determination, and is not permitted to open a new search. MPEP §§ 704.01, 706.04. If no search is permitted, there cannot be a "serious" search burden, and thus no restriction can be supported", the Examiner respectfully disagrees. The Applicants have added new claims 119-181 since the last search. Also there would be a serious search and examination burden if restriction were not required because one or more of the following reasons apply: (a) the inventions have acquired a separate status in the art in view of their different classification; (b) the inventions have acquired a separate status in the art due to

their recognized divergent subject matter; (c) the inventions require a different field of search (for example, searching different classes/subclasses or electronic resources, or employing different search queries); (d) the prior art applicable to one invention would not likely be applicable to another invention; (e) the inventions are likely to raise different non-prior art issues under 35 U.S.C. 101 and/or 35 U.S.C. 112, first paragraph. The reasons for the inventions (listed in the last office action) being independent or distinct were already discussed in the last office action. Hence the restrictions made in the last office action are maintained. Applicants are respectfully requested to cancel the non-elected claims 28-30, 53-55 and 60-73 in their reply to this office action. The Examiner would like to respectfully remind the Applicants that 37 CFR 1.142(a) provides that restriction is proper at any stage of prosecution up to final action.

In response to Applicant's assertion "In the telephonic interview with Examiner Subramanian on May 30, 2008, the Examiner stated that he had no knowledge of any new prior art and did not identify any "clear error in the previous action" of allowing claims 1-118 over the art. (See paragraph 7 of interview summary)", the Examiner respectfully disagrees. The Examiner would like clarify that allowability or prior art were never discussed. There is no indication in the interview summary to substantiate the Applicant's assertion. A full search (other than a PLUS Search) of the claims was not done by the Examiner as of May 30, 2008 for the Examiner to know if there was any new prior art.

In response to Applicant's assertion "The title of this application, and the subject matter of all claims, suggests that all claims are most appropriately classified for search in 705/35", the Examiner respectfully disagrees. For instance limitations in claims such as claim 1 "the improvements lease being structured together with the space lease to support an accounting

conclusion that the space lease and improvements lease are to be considered together as a single lease and classified as an operating lease, financial statements of the special purpose entity being consolidated with financial statements of the landlord, rent payments under the improvements lease being fully tax deductible to the tenant” clearly indicate that the proper classification is in 705/36T. The specification is also replete with examples of how the lease payments are fully tax deductible to the tenant.

In response to Applicant’s assertion “However, almost none of the independent claims in Group I recite anything to do with taxes. E.g., claims 2, 56, 74, 93, 102, 119, 130, 133, 148, 154, 158, 161, 172, 179. Financial accounting and tax accounting are not the same thing. The Examiner’s explanation given in the interview reflects an incorrect understanding of the relationship between the disciplines. Classification in 705/36T is simply wrong”, the Examiner respectfully disagrees. For instance as explained above, claim 1 which belongs to Group I clearly recites taxes. Similarly many claims that depend on the cited independent claims clearly recite taxes (for instance claim 4 which depends on claim 2). The specification is also replete with examples of how the lease payments are fully tax deductible to the tenant. The limitations in the claims and the description in the specification would lead one of ordinary skill in the art to conclude that the claimed invention properly belongs to 705/36T. Hence this application is properly classified in 705/36T.

In response to Applicant’s assertion “Restriction Among Groups I and III is Improper On Its Face”, the Examiner respectfully disagrees. The Applicant is respectfully advised to see the first paragraph of the response to arguments.

Applicant's other arguments with respect to pending claims 1-181 have been considered but are not persuasive.

***Conclusion***

**11.** Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a). A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached at (571) 272-6771. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished

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/Narayanswamy Subramanian/  
Primary Examiner  
Art Unit 3691

September 30, 2008